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Paper No. 24

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In re Patent No. 5,700,654
Issue Date: December 23, 1997
Application No. 08/304,147
Filed: September 12, 1994
Attorney Docket No. 9101BCIP

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: **OFFICE OF PETITIONS**
: **DECISION ON PETITION**
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This is a decision on the request for reconsideration, filed June 12, 2006, of a petition under 37 C.F.R. 1.378(b) to accept an unavoidably delayed payment of a maintenance fee in an expired patent.

The petition is **DENIED**.

BACKGROUND

Patent No. 5,700,654 issued December 23, 1997. The first (3½ year) maintenance fee was due December 23, 2001, and could have been paid from December 23, 2000 through June 23, 2001, or with a surcharge during the period from June 24, 2001 through December 23, 2001. Accordingly, the patent expired at midnight December 23, 2001, for failure to timely submit the first maintenance fee.

Eric H. Kuhrts, President and CEO of Lipoprotein Technologies, Inc., filed a petition to accept an unintentionally delayed payment of the maintenance fee under 37 C.F.R. 1.378(c) on September 13, 2004. The U.S. Patent and Trademark Office (USPTO) responded on January 19, 2005 by requiring further information since the petition was not properly signed. Mr. Kuhrts responded by facsimile on February 16, 2005 by providing statements under 37 C.F.R. 3.73(b). The petition filed September 13, 2004 was then dismissed on March 30, 2005 as not being filed within twenty four months after the six month grace period specified in 35 U.S.C. 41(b), as required by 37 C.F.R. 1.378(c). In this decision, Mr. Kuhrts was informed that a petition to accept an unavoidably delayed payment of the maintenance fee under 37 C.F.R. 1.378(b) may still be filed in an attempt to reinstate the patent.

On December 6, 2005, Petitioner Kenneth I. Kohn filed a petition to accept an unavoidably delayed payment of the maintenance fee under 37 C.F.R. 1.378(b). Non-payment of the maintenance fee was allegedly unavoidable because of the Petitioner's inability to establish communications with a party responsible for payment of the maintenance fee. In addition to this delayed payment of the 3½ year maintenance fee, the petition attempted to also pay the 7½ year maintenance fee.

In the December 6, 2005 petition, Petitioner states that "[V]anderbilt University (Vanderbilt), owner of the '654 patent requested that its licensees handle all patent maintenance and patent issues, and therefore, Petitioner never sent notice of the upcoming Maintenance fee to Vanderbilt;" that "[P]etitioner law firm sent notice on February 1, 2001 to Dennis Callewaert of Oxford Biomedical Research, Inc. (licensee of the '654 patent) that the 3½ year maintenance fee was coming due;" that "[On] February 7, 2001, Mr. Callewaert informed petitioner that a new licensee, Lipoprotein Diagnostics (Lipoprotein) and specifically Eric Kuhrts thereof, would be handling all maintenance of the '654 patent." Furthermore, petitioner states that numerous attempts to communicate with Mr. Kuhrts of Lipoprotein were unsuccessful. These attempts include communications by facsimile on February 9, 2001, February 13, 2001, August 13, 2001, and November 13, 2001; and communications by email on October 18, 2002, January 3, 2003, and January 13, 2003. Petitioner additionally states that no response to the aforementioned communications have ever been received from Lipoprotein.

Although these attempted communications with Mr. Kuhrts allegedly did not succeed, the emails of October 18, 2002 and January 13, 2003 indicate that successful communications between petitioner and Mr. Kuhrts were maintained. The email dated October 18, 2002 begins "Hi Eric: Thank you for your telephone call the other day...", which indicates that telephone communications occurred between Petitioner and Mr. Kuhrts. Also, the email of October 18, 2002 discusses the maintenance fee due with regard to U.S. Patent No. 5,858,695, and the email of January 13, 2003 states, in regard to U.S. Patent No. 5,858,695, "your payment has been received and the 3.5 year maintenance fee was paid with the late surcharge Friday, January (corrected) 10, 2003." This indicates that successful communications were maintained between Petitioner and Mr. Kuhrts with regard to U.S. Patent No. 5,858,695.

The record of the December 6, 2005 petition further reveals that there were no attempted communications from January 13, 2003 (the date of the last attempted communication with Lipoprotein) until December 24, 2003 (the last day to file a petition based on unintentional delay) between Petitioner and Lipoprotein, or between Petitioner and Vanderbilt. Additionally, there were no communications between Petitioner and Vanderbilt until December 14, 2004 (i.e. almost three (3) years after the expiration of the '654 patent and almost one (1) year after ending of the time period to file a petition based on unintentional delay), when Petitioner informed Vanderbilt "of status of abandoned '654 patent."

The record further includes:

(1) a copy of an email from Sheryl Fox to Laura Komjathy dated September 22, 2005 with an attachment from Janis Elsner of Vanderbilt University stating that Eric Kuhrts "took no steps to

make timely payment of the maintenance fee when it was due because he was not aware it was due;"

(2) a letter from Eric Khurts stating that he did not inform Kohn and Associates of contact information for Lipoprotein after Lipoprotein moved; and

(3) a copy of a license agreement (Agreement) between Vanderbilt University and Lipoprotein Diagnostics, Inc., received by the USPTO with the petition of September 13, 2004 and signed by Eric Kuhrts on May 15, 1998. The Agreement identifies responsibilities of both Vanderbilt and Lipoprotein with relation to this maintenance fee and states, *inter alia*:

"[L]icensee shall have responsibility for prosecution and maintenance of patent applications and patents related to the Vanderbilt Invention and the Joint Invention, provided however that VANDERBILT shall have reasonable opportunity to advise LICENSEE and shall cooperate with LICENSEE as to the filing, prosecution and maintenance of such patent applications and patents. LICENSEE shall furnish to VANDERBILT copies of documents relevant to any such filing, prosecution, or maintenance. LICENSEE shall be obligated to make timely payments of all maintenance fees following the issuance of the Patent. If LICENSEE elects to no longer prosecute or pay the expenses of a patent application or patent included within the Licensed Patent Rights, LICENSEE shall notify VANDERBILT not less than (60) days prior to such action, or deadline required to preserve Patent Rights, and shall thereby surrender its rights under such patent or patent application." See paragraph 6.1 on p. 7 of the Agreement.

The December 6, 2005 petition was dismissed by the USPTO on April 11, 2006 for not providing an adequate showing of unavoidable delay within the meaning of 37 C.F.R.

1.378(b)(3). Among numerous questions raised by the USPTO in that decision, Petitioner was required to show: (1) the steps that were in place to ensure timely payment of the maintenance fee, (2) a complete explanation of how the system worked, and (3) an explanation as to why the system failed in this instance.

On June 12, 2006, Petitioner Kenneth I. Kohn filed a Request for Reconsideration of the petition filed December 6, 2005. This Request does not show the steps that were in place to ensure timely payment of the maintenance fee and a complete explanation of how the system worked. Rather, this Request indicates that Vanderbilt relied on outside counsel and licensees to ensure timely payment of the maintenance fee, that Lipoprotein was a Licensee of Vanderbilt, and Lipoprotein relied on Petitioner as outside counsel to assist in ensuring timely payment of the maintenance fee. While the record suggests that Petitioner had steps in place to track the payment of required maintenance fees on behalf of Lipoprotein, the Request does not discuss those steps specifically or explain how the system worked, as required by the April 11, 2006 decision. This Request does explain that the system failed due to "technological problems outside of [Kuhrts' and Petitioner's] control and outside [Kuhrts' and Petitioner's] knowledge," such as the acts of an internet spam filter that interfered with communications and no response that messages sent by facsimile or email were actually received.

In addition, the Request for Reconsideration asserts that Petitioner, as representative of Lipoprotein, could not communicate with Vanderbilt regarding the maintenance fee because of the "high risk of breaching attorney-client confidentiality." Also, in the Request, Petitioner contends that the decision in Ray v. Lehman, 55 F.3d 606 (Fed Cir 1995), is not applicable to the present circumstances because the issue in Ray involved a lack of communication that resulted in non-payment rather than the email spam filtering that allegedly interfered with communications between Kuhrts and Petitioner.

The Request for Reconsideration has been considered and the Petition of December 6, 2005 has been reconsidered.

STATUTE, REGULATION, AND EXAMINING PROCEDURE

35 U.S.C. § (2)(B)(2) provides, in part, that:

The Office-- may, establish regulations, not inconsistent with law, which

(A) shall govern for the conduct of proceedings in Office.

35 U.S.C. § 41(c)(1) provides that:

The Director may accept the payment of any maintenance fee required by subsection (b) of this section which is made within twenty-four months after the six-month grace period if the delay is shown to the satisfaction of the Director to have been unintentional, or at any time after the six-month grace period if the delay is shown to the satisfaction of the Director to have been unavoidable. The Director may require the payment of a surcharge as a condition of accepting payment of any maintenance fee after the six-month grace period. If the Director accepts payment of a maintenance fee after the six-month grace period, the patent shall be considered as not having expired at the end of the grace period.

37 CFR 1.378(b) provides that:

(b) Any petition to accept an unavoidably delayed payment of a maintenance fee filed under paragraph (a) of this section must include:

(1) The required maintenance fee set forth in §1.20 (e) through (g);

(2) The surcharge set forth in §1.20(i)(1); and

(3) A showing that the delay was unavoidable since reasonable care was taken to ensure that the maintenance fee would be paid timely and that the petition was filed promptly after the patentee was notified of, or otherwise became aware of, the expiration of the patent. The showing must enumerate the steps taken to ensure timely payment of the maintenance fee, the date and the manner in which patentee became aware of the expiration of the patent, and the steps taken to file the petition promptly.

37 CFR 1.378(c) provides that:

Any petition to accept an unintentionally delayed payment of a maintenance fee filed under paragraph (a) of this section must be filed within twenty-four months after the six-month grace period provided in § 1.362(e) and must include:

- (1) The required maintenance fee set forth in § 1.20 (e) (g);
- (2) The surcharge set forth in § 1.20(i)(2); and
- (3) A statement that the delay in payment of the maintenance fee was unintentional.

OPINION

Petitioner has not met his burden of proving to the satisfaction of the Director that the delay in payment of the maintenance fee was unavoidable within the meaning of 35 USC 41(c)(1) and 37 CFR 1.378(b)(3).

37 CFR 1.378(b)(3) states that any petition to accept delayed payment of a maintenance fee must include:

“A showing that the delay was unavoidable since reasonable care was taken to ensure that the maintenance fee would be paid timely and that the petition was filed promptly after the patentee was notified of, or otherwise became aware of, the expiration of the patent. The showing must enumerate the steps taken to ensure timely payment of the maintenance fee, the date, and the manner in which patentee became aware of the expiration of the patent, and the steps taken to file the petition promptly.”

A late maintenance fee is considered under the same standard as that for reviving an abandoned application under 35 USC 133 because 35 USC 41(c)(1) uses the identical language, i.e. "unavoidable delay". Ray v. Lehman, 55 f. 3d 606, 608-09, 34 USPQ2d 1786, 1787 (Fed. Cir. 1995)(quoting In re Patent No. 4,409,763, 7 USPQ2d 1798, 1800 (Comm'r Pat. 1988)). Decisions on reviving abandoned applications have adopted the "reasonably prudent person" standard in determining if the delay in responding to an Office action was unavoidable. Ex parte Pratt, 1887 Dec. Comm'r Pat. 31, 32-33 (Comm'r Pat. 1887)(the term "unavoidable" "is applicable to ordinary human affairs, and requires no more or greater care or diligence than is generally used and observed by prudent and careful men in relation to their most important business"); In re Mattullath, 38 App. D.C. 497, 514-515 (D.C. Cir. 1912); and Ex parte Henrich, 1913 Dec. Comm'r Pat. 139, 141. In addition, decisions on revival are made on a "case-by-case basis, taking all the facts and circumstances into account." Smith v. Mossinghoff, 671 F.2d 533, 538, 213 USPQ 977, 982 (D.C. Cir. 1982). Finally, a petition to revive an application as unavoidably abandoned cannot be granted where a petitioner has failed to meet his or her burden of establishing the cause of the unavoidable delay. Haines v. Quigg, 673 F. Supp. 314, 316-17, 5 USPQ2d 1130, 1131-32 (N.D. Ind. 1987).

35 U.S.C. § 41(c)(1) does not require an affirmative finding that the delay was avoidable, but only an explanation as to why the petitioner has failed to carry his or her burden to establish that the delay was unavoidable. Cf. Commissariat A. L'Energie Atomique v. Watson, 274 F.2d 594, 597, 124 USPQ 126, 128 (D.C. Cir. 1960)(35 U.S.C. § 133 does not require the Commissioner to affirmatively find that the delay was avoidable, but only to explain why the applicant's petition was unavailing). Petitioner is reminded that it is the patentee's burden under the statutes and regulations to make a showing to the satisfaction of the Commissioner that the delay in payment of a maintenance fee is unavoidable. See Rydeen v. Quigg, 748 F. Supp. 900, 16 USPQ2d 1876 (D.D.C. 1990), *aff'd* 937 F.2d 623 (Fed. Cir. 1991)(table), *cert. denied*, 502 U.S. 1075 (1992); Ray v. Lehman, *supra*.

As 35 USC § 41(b) requires the payment of fees at specified intervals to maintain a patent in force, rather than some response to a specific action by the Office under 35 USC § 133, a reasonably prudent person in the exercise of due care and diligence would have taken steps to ensure the timely payment of such maintenance fees. Ray, 55 F.3d at 609, 34 USPQ2d at 1788. That is, an adequate showing that the delay in payment of the maintenance fee at issue was "unavoidable" within the meaning of 35 U.S.C. § 41(c) and 37 CFR 1.378(b)(3) requires a showing of the steps taken by the responsible party to ensure the timely payment of the maintenance fee for this patent. Id.

However, the record fails to show that adequate steps within the meaning of 37 CFR 1.378(b)(3) were taken by or on behalf of a party responsible for payment of the maintenance fee. In the absence of a showing of the steps taken, 37 CFR 1.378(b)(3) precludes acceptance of the maintenance fee.

As patent holder at the time of expiration, it was incumbent upon Vanderbilt to implement steps to schedule and pay the fee, or obligate another to make the payment. See California Medical Products v. Technol Med. Prod., 921 F.Supp. 1219, 1259 (D.Del. 1995). Here, Vanderbilt's licensee Lipoprotein was obligated, and Lipoprotein relied on Petitioner as outside counsel for docketing and payment of maintenance fees and the like. Reliance on licensees and outside counsel to manage affairs related to this matter does not provide an adequate showing of unavoidable delay. See California Medical Products v. Technol. Med. Prod., *supra*. Rather, this merely shifts the focus of the inquiry to whether the representative acted reasonably and prudently. Id. However, Vanderbilt is bound by any mistakes made by Lipoprotein, and Lipoprotein is bound by any mistakes that Petitioner may have made. Id. See Futures Technology, Ltd. V. Quigg, 684 F.Supp. 430, 431, 7 USPQ2d 1588 (E.D. Va. 1988)(applicant's diligent inquiry into responsible party's performance under a contract is required to show unavoidable delay); Douglas V. Manbeck, 21 USPQ2d 1697, 1699-1700 (E.D. Pa. 1991), *aff'd*, 975 F.2d 869, 24 USPQ2d 1318 (Fed. Cir. 1992)(diligence on the part of the owner is necessary where that owner's putative representative fails to take timely and proper steps with respect to a proceeding before the Patent and Trademark Office); R.R. Donnelly & Sons v. Dickinson, 123 F.Supp.2d 456, 460, 57 USPQ2d 1244 (N.D. Il. 2000)(failure of assignee to exercise diligence for a period of seven years precluded acceptance of the maintenance fee).

If Petitioner overlooked any duty that Petitioner may have owed Lipoprotein in this matter, or Lipoprotein overlooked any duty owed to Vanderbilt, then Lipoprotein and Vanderbilt are

reminded that the USPTO must rely on the actions or inactions of duly authorized and voluntarily chosen representatives, and Lipoprotein and Vanderbilt are bound by the consequences of those actions or inactions. Link v. Wabash, 370 U.S. 626, 633-34 (1962); Huston v. Ladner, 973 F.2d 1564, 1567, 23 USPQ2d 1910, 1913 (Fed. Cir. 1992); see also Haines v. Quigg, 673 F. Supp. 314, 317, 5 USPQ2d 1130, 1132 (D.N. Ind. 1987); California, supra. Specifically, delay caused by mistakes or omissions of a voluntarily chosen representative does not constitute unavoidable delay within the meaning of 35 USC 133. See Haines v. Quigg, supra; Smith v. Diamond, 209 USPQ 1091 (D.D.C. 1981); Potter v. Dann, 201 USPQ 574 (D.D.C. 1978); Ex parte Murray, 1891 Dec. Comm'r Pat. 130, 131 (Comm'r Pat. 1891). The delay here was not unavoidable due to the actions or inactions of a representative since any error that may have been caused by Petitioner could have been avoided by Lipoprotein, or any error caused by Lipoprotein could have been avoided by Vanderbilt, through the exercise of the ordinary care and diligence that is observed by prudent and careful persons with respect to their most important business. That is, reliance on outside counsel or licensees did not relieve Vanderbilt or Lipoprotein of the responsibility to ensure timely payment of the maintenance fee.

Furthermore, Petitioner, Lipoprotein, and Vanderbilt did not communicate adequately in regard to this maintenance fee. Petitioner contends that technological problems prevented Petitioner and Mr. Kuhrts of Lipoprotein from effectively communicating, and this failure of communication made the delay unavoidable. However, any problems resulting from email spam filtering are not relevant to the communications on February 9, 2001, February 13, 2001, August 13, 2001, and November 13, 2001, since these communications were by facsimile and not email. Also, contrary to Petitioner's assertion, no response from a client after multiple communications with no notice that the communications are not being received cannot "only be taken as instructions not to pay a fee." Such lack of response could reasonably be taken as a need to communicate this important matter through another form of communication like telephone, mail delivered by the U.S. Postal Service, or a face-to-face meeting. Opportunities existed to ensure that Petitioner had current telephone number and address information for Mr. Kuhrts, such as the telephone call acknowledged in the October 18, 2002 email. The effective communications regarding U.S. Patent No. 5,858,695 presented additional opportunities to address the circumstances of now expired Patent No. 5,700,654. The delay in payment of the fee, therefore, was not unavoidable due to technological problems in any particular communication means.

Moreover, communications with the patent owner, Vanderbilt, were not prevented by the "high risk of breaching attorney-client confidentiality," as Petitioner states. This theory of protecting "attorney-client confidentiality" suggests that only communications between Petitioner and Lipoprotein were permitted. However, Petitioner did communicate with Vanderbilt in this matter on December 14, 2004 to inform Vanderbilt "of status of abandoned '654 patent." Petitioner also communicated with Dennis Callewaert of Oxford Biomedical Research, Inc. (licensee of the '654 patent) regarding the maintenance fee due. Furthermore, Lipoprotein, Petitioner's client, was required under the licensing agreement to communicate with Vanderbilt regarding this maintenance fee. As Lipoprotein's representative in this matter, Petitioner would not have been prevented from communicating with Vanderbilt due to a risk of breaching attorney-client confidentiality. Thus, the delay in payment of the fee was not unavoidable due to duties of maintaining attorney-client confidentiality.

In regard to Ray v. Lehman, 55 F. 3d 606, 34 USPQ2d 1786 (Fed. Cir. 1995), the circumstances of the present situation cannot be distinguished as petitioner asserts. Here, as in Ray v. Lehman, non-payment of the maintenance fee resulted, at least in part, from a lack of communication. Although Petitioner attempted several communications with Mr. Kuhrts, the maintenance fee was not paid. As discussed above, this failure of communication cannot be attributed to technological problems. This is particularly true of the email spam filter identified by Petitioner, which had no bearing on the facsimiles of February 9, 2001, February 13, 2001, August 13, 2001, and November 13, 2001. Also, rather than attempt communications through various means and seek a clear response from Mr. Kuhrts about this important matter, Petitioner passively assumed that no response to the few communications meant that Petitioner should not pay the fee. Moreover, the record does not show that Mr. Kuhrts made an effort to ensure that Petitioner had current contact information for Mr. Kuhrts. Despite the few attempts by Petitioner to communicate with Mr. Kuhrts by facsimile and email, there was a notable lack of communication for such an important matter, and such lack of communication is not the care and diligence generally used and observed by prudent and careful people in relation to their most important business. See Pratt, supra. This lack of communication remains a central issue here and, accordingly, the principles of Ray v. Lehman remain applicable to the present petition.

Additionally, the record does not recount a situation where any person or firm, on and after December 23, 2001: falsely represented to Lipoprotein or Vanderbilt that the maintenance fee had been paid; or falsely represented to Lipoprotein or Vanderbilt that this patent had been maintained in force, such that Lipoprotein or Vanderbilt were "unavoidably" prevented from taking more timely action in this matter. Cf. Futures, supra. Rather the record shows that on and after December 23, 2001, petitioner was and remained able to freely communicate with Lipoprotein or Vanderbilt, as to whether the fee had been paid, or whether the patent was in force. However Lipoprotein or Vanderbilt took no further action after December 23, 2001, with respect to tracking, paying, or checking the status of this patent until sometime in 2004. The record showing of this protracted absence of due care and diligence by Lipoprotein or Vanderbilt is inconsistent with the actions of a prudent and careful person with respect to his most important business, and as such precludes a reasonable and rational finding that the delay in payment of the maintenance fee was unavoidable.

DECISION

Petitioner has failed to meet his burden of proving to the satisfaction of the Director that the entire delay in submission of the maintenance fee herein was unavoidable within the meaning of 35 U.S.C. § 41(c) and 37 CFR 1.378(b). Accordingly, the maintenance fee will not be accepted, this patent will not be reinstated, and this patent remains expired. The petition is **denied**.

This decision may be considered a final agency action within the meaning of 5 U.S.C. § 704 for purposes of obtaining judicial review. See MPEP 1002.02. The USPTO will not further consider or reconsider this matter.

Petitioner is advised that the USPTO is not the forum for resolving disputes between patent owners, licensees, and their representatives as to who bore the responsibility for paying a maintenance fee. See Ray v. Lehman, supra.

Any inquiries concerning this communication may be directed to David Bucci at (571) 272-7099.

A handwritten signature in cursive script, appearing to read "Charles Pearson", followed by a long horizontal line extending to the right.

Charles Pearson
Director, Office of Petitions
db/bh